SHRI Z. R. ANSARI: When the question of setting up a new shipyard came up in '70s, almost every maritime State sent its proposal for establishing a new shipyard in its State.

SHRI VITHALBHAI MOTIRAM PATEL: Mr. Chairman, may I know whether it is a fact that an expert committee was appointed to suggest the site for the shipyard and it recommended Hajira as the best port to set up a shipyard?

SHRI Z.R. ANSARI: The hon. Member is very much right. An expert committee in the '70s was set up and it identified two sites, Hajira and Paradip for establishment of a new shipyard.

DR. SHANTI G. PATEL: The Minister was pleased to state in his reply to the original question that Planning Commission Working Group has, during its findings, said that there is necessity and feasibility of an additional shipyard. Later on, in answer to another question from another Member, he said that Cochin and Visakhapatnam shipyards are not being fully utilised and they should be put to full use. I would like to know from the hon. Minister as to what the correct state of affairs is. If his first answer is correct, then utilisation of Cochin and Visakhapatnam does not arise or if they are to be put to full use—and must have been put to full use because that is why the Working Group came to the conclusion that there is necessity for an additional shipyard, much more so because Cochin and Visakhapatnam are not able to maintain, to the best of my information, or construct container ships while what we need in the present day is more and more container ships for which a shipyard is necessary. So, I would like the Minister to clarify which is the correct state of affairs, whether additional shipyard is necessary or Cochin and Visakhapatnam are to be put to full use.

SHRI Z. R. ANSARI: When the question of establishing new shipyards came up before different committees, the question was fully reviewed and considered and at that time the consensus was that instead of going in for establishment of a new shipyard in the '80s, we should go in for optimum utilisation of the capacity of existing shipyards and then go in for further expansion of these two shipyards at Cochin and HSL and after that only we can consider establishment of a new shipyard. This was the position. Now, the Working Group for the Seventh Five-Year Plan has recommended the establishment of one more shipyard and the need and feasibility of one more shipyard has been projected by that Working Group.

MR. CHAIRMAN: Next question.

Shipping Development Bank of India

*23. SHRI M.S. GURUPADASWAMY:†
SHRI BISWA GOSWAMI:

Will the Minister of SHIPPING AND TRANSPORT be pleased to state:

(a) whether it is a fact that a high level official committee appointed by his Ministry has recommended the setting up of a Shipping Development Bank of India;

(b) if so, what are the details in this regard; and

(c) whether Government have accepted the recommendation?

THE MINISTER OF STATE OF THE MINISTRY OF SHIPPING AND TRANSPORT (SHRI Z. R. ANSARI): (a) and (b) The Committee to review the arrangements for assistance to shipping companies (July 1984) has *inter alia* in its report submitted in June. 85 suggested the setting up of Shipping Development Bank of India

†The question was actually asked on the floor of the House by Shri M. S. Gurupadaswamy.

with the objective of gradual reduction of dependence of Indian shipping industry on Government budgetary outlays and to permit greater application of banking principles to ship financing. The recommended bank is to be provided with a nucleus of equity by Government and would be expected to raise resources from the market by way of loans, debentures, bonds etc.

(c) Government has yet to take a decision in the matter.

SHRI M. S. GURUPADASWAMY: Sir, the Prakash Narain Committee has recommended that foreign equity capital has to be raised because internal resources may not be available to the extent desired. There is also an indication in the report that the Merchant Shipping Act may have to be amended so that foreign equity capital could be invited. May I know whether any consideration has been given to these two aspects which have been referred to by the Committee? I would also like to know whether this Bank which has been recommended will run on the lines of the Industrial Development Bank of India, independent of Government control and power?

SHRI Z. R. ANSARI: Sir, as far as the main recommendations of the Committee are concerned, they include the setting up of a Shipping Development Bank of India, and the Shipping Development Fund Committee which was financing till now, should be replaced by this Bank. And Sir,...

SHRI M. S. GURUPADASWAMY: Did you say, it should be merged? I did not hear you. The present financing agency should be merged with the new Bank?

SHRI Z. R. ANSARI: The SDFC has got two functions. The function of lending will be taken over by this new Bank, when it is set up. The Government is considering these proposals and these schemes.

Now, as far as the existing provisions are concerned, under the Merchant Shipping Act, even as it exists today, 40 per cent foreign equity participation is allowed.

MR. CHAIRMAN: Mr. Minister, the question which you have ignored or overlooked is, whether the new Bank would function like the IDBI as an independent body. This is the second part of the hon. Member's question.

SHRI Z. R. ANSARI: It will act as an independent body.

MR. CHAIRMAN: You have only to say that. Next supplementary.

SHRI M. S. GURUPADASWAMY: Sir, the National Shipping Board has criticised the working of the Shipping Development Fund Committee. They have specifically charged the Shipping Development Fund Committee with not observing any norms, rules or healthy standards in allotting funds to various Indian shipping companies. As a result of this, there has been a mushroom growth of private shipping companies and there is a large amount of discrimination resulting out of this. I would like to know from the Minister whether the Government would look into this complaint of the National Shipping Board. I would like to know whether any structural changes are contemplated, in the shipping industry, by the Government. For the last four years, as you know, the shipping industry is in the red, and it is losing. Coastal shipping, in particular, has suffered a lot because there is no cargo available for coastal shipping. This calls for a deeper, indepth, study and, perhaps, structural changes in the shipping industry, as a whole. I would like to know whether the Government is contemplating to bring about structural changes, particularly, in regard to

coastal shipping which is losing very heavily. I would also like to know whether the Government is thinking of co-ordinating coastal shipping with other modes of transport in India.

SHRI Z. R. ANSARI: Sir, as far as part one of the question is concerned, the Ministry of Shipping and Transport does not contribute to the view that the SDFC is not working well. The role of the SDFC has been, in a large way, very helpful to the Indian shipping industry as a whole. It was because of the assistance given by the SDFC that the Indian shipping industry could sustain the world-wide recession for the last more than ten years. As far as the question of loans and other assistance is concerned, the SDFC has played a very vital role in that.

SHRI M. S. GURUPADASWAMY: But what about the charge they have made? The National Shipping Board has charged that this body has been discriminating in the allotment of funds and loans to the various shipping companies. This was my main question. They have said that the SDFC is not following any norms.

SHRI Z. R. ANSARI: As far as that report is concerned. I am not answering that question. I am only answering the question that the SDFC has played a very vital role in sustaining the Indian shipping industry in the period of recession for the last ten years.

SHRI M. S. GURUPADASWAMY: I am not asking that. I want to know about the specific charge by the National Shipping Board against this body that they are distributing loans indiscriminately without observing any norms and till today not even one ship has been taken over by this body for the default.

SHRI Z. R. ANSARI: Sir, the financing by SDFC is done after thorough scrutiny. The SDFC is only a recommending body. They recommend the case. A thorough enquiry is made. DG Shipping and other institutions are involved. Then the decision is taken by the Ministry of Shipping and Transport and the Ministry of Finance for giving loans to the specific shipping companies I am not aware of the charge which the hon. Members has just made. (*Interruptions*). Sir, I require a separate notice for that.

SHRI M. S. GURUPADASWAMY: On a point of order.

AN HON. MEMBER: There is no point of order in Question Hour.

MR. CHAIRMAN: He is only seeking a clarification, no point of order.

SHRI M. S. GURUPADASWAMY: On a point of clarification. The National Shipping Board operates under the aegis of the Government of India. The Chairman of the National Shipping Board has specifically charged that the loan distribution by this agency is very discriminatory, as a result of which some companies have been favoured while some of the companies have not been given any loan.

Secondly, he has said that as a result of this unscientific and irrational distribution of loans, till today this body has not been able to take any action against those companies which have not paid the money back.

MR. CHAIRMAN: He wants notice.

SHRI Z. R. ANSARI No, Sir. As far as the personal view of the chairman is concerned...

SHRI M. S. GURUPADASWAMY: It is not the personal view, it is the view of the chairman of the National Shipping Board.

SHRI SURESH KALMADI: Is the Minister giving his personal view now?

SHRI Z. R. ANSARI: I have already said about the procedure. As far as giving of loans to the companies is concerned, the SDFC only recommends to the Government for giving loans. Those recommendations are further scrutinized at the Government level in the Ministry of Shipping and Transport and the...

MR. CHAIRMAN: Mr Minister, you have not understood the point. What Mr. Gurupadaswamy says is that the way in which the Board has been functioning is unsatisfactory, that it discriminates between various applicants and prefers certain people. You said that you want separate notice and to help you I said that he wants notice. You did not follow. It is all right. He wants notice. (*Interruptions*). I will give you a chance Yes, Mr. Biswa Goswamy.

SHRI BISWA GOSWAMI: The shipping industry is in a very bad shape. The losses of the shipping industry are increasing. In the year 1983-84 the losses of both private and public sectors of the shipping industry would be to the tune of Rs. 121 crores as against Rs. 87 crores in 1982-83. Sir, unless timely and speedy actions are taken by the Ministry, disastrous situation would arise and it would be beyond redemption. I want to know what concrete measures the Minister proposes to take for the salvage of the shipping industry.

SHRI Z. R. ANSARI: Earlier also because of this recession steps were taken, like restructuring of loans, giving moratorium and then the package assistance which has been recommended is for the rescheduleement of the overdue principal and interest for the years 1983-84 and 1984-85 to be paid during 1986-67 to 1988-89 with the year 1985-86 as moratorium. This is the assistance which the Government is proposing to give to the shipping companies just to give them some support.

SHRI SURESH KALMADI: Sir, there is a crisis in the shipping industry and even today only 18 per cent of the total export from India is by Indian ships, which is very unfortunate. Now the SDFC has been giving loans left, right and centre for acquisition of new ships and SWFC is in a dilemma. Either they have to give more loans to these companies, or they have to write off these ships. The Minister has said in his statement that there will be greater application of banking principles. I do not know what exactly he means by this. Was there no "greater application of banking principles" earlier? And what steps are going to be taken by this new bank? Are they going to exempt the sick shipping industry which is not able to repay the amounts? Are they going to declare them sick and offer them lower rate of interest?

SHRI Z. R. ANSARI: Sir, as far as SDFC is concerned, it was just working under the Government set up and the bank will be set up to look after loans to the shipping companies and it will certainly look at it from the commercial point of view and there will certainly be more application of the banking principles.

As far as assistance is concerned, I have already said that in the present crisis in which these shipping companies are suffering, the Government proposes to give some assistance to them by re-schedulement of their loans and interest which are due.

SHRI DIPEN GHOSH: Sir, at that particular moment I raised my hand in order to assist the Minister because I find that the Minister has done little home work in replying to this particular question. I happen to be a

member of the National Shipping Board, representing Rajya Sabha and the Board is appointed by the Ministry of Shipping and Transport and the Secretary of the Ministry of Shipping and Transport is a member of the Board, as also the Director-General of Shipping. The National Shipping Board had set up a number of Sub-committees to look into the problems facing the shipping industry and had submitted its report. Recently, the National Shipping Board has submitted a comprehensive report and that has been circulated. I think the Minister would find time next day to go through that report and give replies to the questions of the Members having done a little more home work.

But my point is this The National Shipping Board, through the functioning of various Sub-committees, had made certain specific recommendations to alleviate the present condition of the shipping industry. What steps the Ministry has taken to implement those recommendations?

SHRI Z. R. ANSARI: Sir, I have already said that the National Shipping Board, I do not disagree, is an institution which has been appointed by the Ministry of Shipping and Transport in which these persons are members. Sir, this is a recommendatory body and at this point of time I am not prepared to answer the question regarding the recommendations of the National Shipping Board. If the hon. Member will come forward with some specific question on the National Shipping Board, I shall certainly do some more home work on that particular subject and come forward before you.

SHRI N. K. P. SALVE: Sir, I am not very well conversant with the subject as Mr. Gurupadaswamy or Mr. Dipen Ghosh or Mr. Kalmadi is. But my fears arise out of the reply to one of the supplementaries he has given

SHRI DIPEN GHOSH: Why, any income-tax case has come to you from the shipping side?

SHRI N. K. P. SALVE: SDFC, with whatever limitations, has been engaged in carrying out activities for the development of the shipping industry in the country. And willy-nilly, Sir, we have been building our shipping industry. Now the Minister says that the work of the NDFC is going to be replaced by the banks. The SDFC has been giving loans on very liberal terms—the repayment conditions are very liberal, interest rates are concessional—because unless this is done the development activity would be impeded. The Minister now says that the bank will work on commercial lines, on the lines of the IDBI which, you know, is working on commercial lines May I know of the Minister how he will reconcile these two if we are still in the process of development how a commercial bank would really be able to replace the SDFC and has ay thought been given to that aspect of the matter and, if so, what it is?

SHRI Z. R. ANSARI: Sir, firstly, the whole question is under the consideration of the Government. This is only the recommendation of the Committee, that the function of the SDFC, as far as loan assistance is concerned, should be given to a bank which should specifically look after the needs of the shipping industry. This is the recommendation which is still under consideration. No. 2: As far as the commercial aspect is concerned, certainly the banks will look after the commercial aspect, but the Government will certainly take all steps to give assistance in interest and other things just to rehabilitate the shipping industry.